



# Serbia: Current Issues and U.S. Policy

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## Summary

Serbia faces an important crossroads in its development. It is seeking to integrate into the European Union (EU), but its progress has been hindered by tensions with the United States and many EU countries over the independence of Serbia's Kosovo province, and, until recently, its failure to transfer indicted war criminals to the International Criminal Tribunal for the Former Yugoslavia (ICTY). However, on May 26, 2011, Serbian security forces captured indicted war criminal Ratko Mladic, who was living in Serbia under an assumed name. He was transferred to the ICTY a few days later.

Serbia's government is a coalition led by pro-Western forces. The global economic crisis poses serious challenges for Serbia. Painful austerity measures have been required for Serbia to receive loans from the IMF and other international financial institutions. High unemployment and poor living standards (including wage levels that have not kept up with high inflation) could result in the coming to power of forces more skeptical of close ties with the United States and the EU after parliamentary elections are held next spring.

Serbia's key foreign policy objectives are to secure membership in the European Union and to hinder international recognition of Kosovo's independence. In December 2009, Serbia submitted an application to join the EU, but the EU delayed a decision on whether to accept Serbia as a membership candidate, in large part due to Serbia's inability or unwillingness to arrest Mladic. Now that Mladic has been transferred to the ICTY, most observers believe that Serbia has a good chance of achieving EU candidate status in December 2011. However, even if Serbia is accepted as a candidate, many years of negotiations will be required before it can join the EU.

Serbia has vowed to take "all legal and diplomatic measures" to preserve its former province of Kosovo as legally part of Serbia. So far, 76 countries, including the United States and 22 of 27 EU countries, have recognized Kosovo's independence. Russia, Serbia's ally on the issue, has used the threat of its Security Council veto to block U.N. membership for Kosovo. After the International Court of Justice ruled in July 2010 that Kosovo's declaration of independence did not contravene international law, the EU pressured Serbia to hold talks with Kosovo. EU-brokered talks on technical issues began in March 2011, but have so far not produced any agreements.

In December 2006, Serbia joined NATO's Partnership for Peace (PFP) program. PFP is aimed at helping countries come closer to NATO standards and at promoting their cooperation with NATO. Although it supports NATO membership for its neighbors, Serbia is not seeking NATO membership. This may be due to such factors as memories of NATO's bombing of Serbia in 1999, U.S. support for Kosovo's independence, and a desire to maintain close ties with Russia.

U.S.-Serbian relations have improved since the United States recognized Kosovo's independence in February 2008, when Serbia sharply condemned the U.S. move and demonstrators sacked a portion of the U.S. Embassy in Belgrade. During a May 2009 visit to Belgrade, Vice President Joseph Biden stressed strong U.S. support for close ties with Serbia. He said the countries could "agree to disagree" on Kosovo's independence. He called on Serbia to transfer the remaining war criminals to the ICTY, promote reform in neighboring Bosnia, and cooperate with international bodies in Kosovo.

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## Background

In October 2000, a coalition of democratic parties defeated Serbian strongman Slobodan Milosevic in presidential elections, overturning a regime that had plunged the country into bloody conflicts in the region, economic decline, and international isolation in the 1990s. The country's new rulers embarked on a transition toward Western democratic and free market standards, but success has been uneven. Serbia has held largely free and fair elections, according to international observers. A new constitution adopted in 2006 marked an improvement over the earlier, Socialist-era one. However, the global economic crisis dealt a setback to Serbia's economy. Organized crime and corruption remain very serious problems.

Serbia has set integration in the European Union as its key foreign policy goal, but, until recently, its progress was slowed by a failure to arrest remaining indicted war criminals. Serbia's ties with the United States have been negatively affected by the leading role played by the United States in promoting the independence of Kosovo, formerly a Serbian province.<sup>1</sup>

## Current Political and Economic Situation

### Political Situation

Serbia's most recent presidential elections were held on January 20, 2008. Incumbent Boris Tadic of the pro-Western Democratic Party (DS) faced Tomislav Nikolic from the ultranationalist Serbian Radical Party (SRS), as well as several candidates from smaller parties. Nikolic won 39.99% of the vote. Tadic came in second with 35.39%. The other candidates trailed far behind. As no candidate received a majority, a runoff election was held between Tadic and Nikolic on February 3. Tadic won reelection to a five-year term by a narrow majority of 50.6% to 47.7%. President Tadic is Serbia's leading political figure. The key role he plays in determining Serbia's domestic and foreign policies is due more to his leadership of the DS than to the relatively modest formal powers of the Serbian presidency.

On May 11, 2008, Serbia held parliamentary elections. Tadic's For a European Serbia bloc (headed by the DS) performed substantially better than expected, receiving 38.8% of the vote and 102 seats in the 250-seat parliament. The Radicals won 29.2% of the vote and 77 seats. The nationalist Democratic Party of Serbia (DSS)-New Serbia list received 11.3% of the vote and 30 seats. A bloc led by the Socialist Party of Serbia (SPS)—the party once led by former Yugoslav strongman Slobodan Milosevic—won 7.8% of the votes and 20 seats. The pro-Western Liberal Democratic Party won 5.3% of the vote and 14 seats. The remaining seven seats went to parties representing Hungarian, Bosniak, and Albanian ethnic minorities.<sup>2</sup>

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<sup>1</sup> Serbia was linked with Montenegro in a common state until Montenegro gained its independence in June 2006. For more on Serbia's development from the fall of Milosevic until Montenegro's independence, see CRS Report RL30371, *Serbia and Montenegro: Background and U.S. Policy*, by Steven Woehrle.

<sup>2</sup> Serbian election commission website [http://www.rik.parlament.sr.gov.yu/index\\_e.htm](http://www.rik.parlament.sr.gov.yu/index_e.htm), accessed on May 14, 2008.

Some observers attributed the success of the DS-led coalition to its strong support for EU integration, and the prosperity voters believe it would foster. In contrast, the DSS and the Radicals gave nationalist concerns such as Kosovo priority over EU integration.

On July 7, 2008, the Serbian parliament approved the new Serbian government, with a slim majority of 128 votes in the 250-seat assembly. The government is led by Prime Minister Mirko Cvetkovic, an economist who was finance minister in the previous government. The ruling coalition is led by the DS, and includes other pro-Western groups and representatives of ethnic minorities. It also includes a bloc headed by the Socialist Party, once led by indicted war criminal Slobodan Milosevic. Socialist leaders say they are transforming the SPS into a European-style social democratic party. They say they support European integration for Serbia.

The government's position was strengthened in September 2008 with the split of the Radical Party, the largest opposition party in parliament. The largest group, under Nikolic's leadership, became the Serbian Progressive Party. It adopted a more pragmatic attitude to such issues as EU integration for Serbia than the Radicals. Some Democratic Party leaders reportedly see the Progressives as a possible partner in a future Serbian government, although such statements may also be intended to keep small parties in their fractious coalition in line. The rump, ultranationalist wing of the Radical Party continues to exist under the leadership of indicted war criminal Vojislav Seselj, who is currently on trial at the International Criminal Tribunal for the former Yugoslavia in The Hague, Netherlands.

The global economic crisis, and the austerity measures the government has put in place to respond to it, have hurt the government's popularity. The next parliamentary elections are not due until May 2012, but early elections could take place earlier if the government coalition falls apart. The government has had to face demonstrations from the nationalist opposition parties demanding early elections (including a hunger strike by Nikolic), as well as violent actions by extreme nationalist groups. However, Tadic has said that the government will try to wait until Serbia receives the status of a membership candidate from the EU, which is expected to occur in December 2011, after which it will call for elections in early 2012.

On May 26, 2011, Serbian security forces captured indicted war criminal Ratko Mladic in the village of Lazarevo, in Zrenjanin municipality, north of Belgrade. He was living under the assumed name of Milorad Komadic, but his physical appearance was not disguised. Serbian officials said that they had received a tip that a man who looked remarkably like Mladic was living in the village. Serbia transferred Mladic to the custody of the ICTY on May 31.

While the ICTY and the international community hailed Serbia's action, some observers expressed skepticism that Mladic could have hidden for such a long time without the knowledge of Serbian authorities. The noted the arrest seemed suspiciously well-timed to advance Serbia's EU membership aspirations. The arrest triggered only small if violent protests from ultranationalist groups and appeared to have little positive or negative impact on the government's standing with the Serbian public. Opinion polls have long shown that issues such as unemployment and living standards are far more important to the Serbian public than Mladic's fate.

Serbia has faced some problems with the Presevo Valley region in southern Serbia. This ethnic Albanian majority region bordering Kosovo has been relatively quiet since a short-lived guerrilla conflict there in 2000-2001 between ethnic Albanian guerrillas and Serbian police, in the wake of the war in Kosovo. However, there have been sporadic incidents and problems since then, some

resulting in injuries to Serbian police. Local Albanians claim discrimination and a lack of funding from Belgrade. Some local ethnic Albanian leaders have called for the region to be joined to Kosovo, perhaps in exchange for Serbian-dominated northern Kosovo. The United States and the international community has strongly opposed this idea.

## **Serbia's Economy**

Until the global economic crisis hit in late 2008, Serbia experienced substantial economic growth. This growth was fueled by loose monetary and fiscal policies (in part keyed to election cycles), including increases in pensions and public sector salaries. The international economic crisis had a negative impact on Serbia's growth. Serbia's Gross Domestic Product (GDP) fell by 3% in 2009. The economy has begun to recover. GDP grew by 1.8% in 2010, and the Economist Intelligence Unit estimates it will increase by 3% in 2011. However, Serbia's unemployment rate, 17.2% at the end of 2010, will likely remain very high for some time.

Inflation in Serbia is high by European standards. Consumer price inflation was 14.1% in March 2011, on a year-on-year basis. Serbia's currency, the dinar, suffered heavily during the economic crisis, but has begun to recover. The depreciation of the dinar stimulated exports, but aggravated inflation. The National Bank has accordingly raised interest rates in an effort to throttle inflation.

In January 2009, the International Monetary Fund approved a \$530 million stand-by loan for Serbia. In April 2009, the IMF agreed to provide Serbia with an additional \$4.2 billion loan. Under the agreements with the IMF, Serbia would have to cut its 2009 budget deficit to 3% of GDP. However, plunging government revenue and persistently high government spending made it impossible for Serbia to meet the 3% budget deficit limit. In October 2009, the IMF and Belgrade agreed that Serbia could run a deficit of 4.5% of GDP in 2009 and 4% of GDP in 2010 in exchange for freezing government salaries and pensions and pledging to reform the country's pension system.<sup>3</sup> The agreement with the IMF ensured that Serbia would receive additional loans from the World Bank and budgetary support from the EU. The IMF agreement expired in April 2011. Serbian leaders may agree with the IMF on a follow-on precautionary arrangement that may involve continued IMF monitoring in order to reassure international financial markets, but no new loans.

## **Foreign Policy**

Since 2008, Serbia's foreign policy has focused on two main objectives—integration into the European Union and hindering international recognition of the independence of Serbia's former Kosovo province by legal and diplomatic means. To this end, Serbia has focused on seeking good relations with the EU, in order to achieve its long-term goal of EU membership. It has tried to avoid conflicts with the 22 EU countries that have recognized Kosovo's independence, while cultivating the five states whose non-recognition of Kosovo serves to block a closer formal relationship between the EU and Kosovo.

Serbia has also bolstered ties with Russia and China, partly in an effort to secure economic advantages and partly to ensure Russia maintains its opposition to Kosovo's independence. U.S.-

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<sup>3</sup> Economist Intelligence Unit Country Report: Serbia, June 2011.

Serbian ties have improved since U.S. recognition of Kosovo's independence in February 2008, but appear not to play a central role in either country's foreign policy at present. Although the United States has offered to "agree to disagree" with Serbia over Kosovo, the issue may continue to affect relations, particularly as the United States remains Kosovo's most powerful international supporter.

Belgrade strongly opposed Kosovo's declaration of independence in February 2008. Serbia won an important diplomatic victory when the U.N. General Assembly voted on October 8, 2008, to refer the question of the legality of Kosovo's declaration of independence to the International Court of Justice (ICJ). However, Serbia's diplomatic strategy suffered a setback when the ICJ ruled in July 2010 that Kosovo's declaration of independence did not contravene international law.

Under strong EU pressure, Serbia agreed to hold talks with Kosovo under EU mediation. The talks, which began in March 2011, are focused on "technical" issues, although it is unclear whether the "technical" issues can be isolated from the political ones, such as Kosovo's status as an independent state. The two sides have reportedly made progress on topics like freedom of movement, free trade, telecommunications, energy, cadastral documents and civil registries. However, no agreements on these or other issues have been signed yet.

Another delicate issue in relations between Serbia and Kosovo is a report approved by the Parliamentary Assembly of the Council of Europe in January 2011. The report, authored by human rights rapporteur Dick Marty of Switzerland, linked Kosovo Prime Minister Hashim Thaci and others with the alleged murder of prisoners during the Kosovo Liberation Army's war with Serbia in the 1990s, and the extraction of their organs in Albania for sale on the international black market. Thaci and other former KLA leaders strongly deny the charges. The Parliamentary Assembly of the Council of Europe, the European Union, and the United States have called on Kosovo (including the EU-led EULEX rule-of-law mission there) and Albania to conduct a serious investigation of these charges. Serbia has rejected this approach as insufficient, and has called for an independent investigative body to be formed by the U.N. Security Council. In June 2011, EULEX set up a special team to investigate the organ trafficking allegations.

President Tadic and other senior Serbian leaders have raised the possibility that Kosovo could be partitioned. Most observers have said that the line of partition would likely follow the current line of de facto control at the Ibar River, between the Serbian-dominated north and the Albanian-dominated south. Some Serbian officials have even suggested that they might discuss swapping the Albanian-dominated parts of the Presevo valley for northern Kosovo. However, the Kosovars are strongly opposed to partition. The United States and the international community also opposes it, fearing that it could touch off the disintegration of Bosnia and Macedonia, which both have ethno-territorial tensions of their own.

Serbia's relations with the other countries in its region have improved markedly in recent years, but tensions remain over some issues; Croatia and Bosnia filed cases with the International Court of Justice (ICJ) charging Serbia with genocide during the wars of the 1990s. (Ruling in the Bosnia case in 2007, the ICJ cleared Serbia of genocide, but found Serbia in violation of international law for not preventing the Srebrenica massacre, and other failings.) In 2009, Serbia countered with an ICJ suit of its own against Croatia. Serbian and Croatian leaders have discussed the possibility of both sides dropping their suits.

Some Bosnian leaders, mainly from the Bosniak (Muslim) ethnic group, have complained that Serbian leaders have done little to rein in Bosnian Serb leader Milorad Dodik's perceived efforts to undermine the effectiveness of Bosnia's central government institutions. Serbia asserts that it respects Bosnia's sovereignty and territorial integrity and abides fully by the terms of the Dayton Peace Agreement that established Bosnia's current governmental system. In March 2010, at the urging of President Tadic, the Serbian parliament passed a resolution condemning the crimes committed by Serbian forces in Srebrenica in Bosnia in 1995.

Kosovo is also a cause of tension in regional ties. Serbia's neighbors have all recognized Kosovo, to Serbia's irritation. Serbian leaders boycott regional meetings if Kosovo government leaders attend as representatives of an independent country, rather than under the aegis of the U.N. Mission in Kosovo (UNMIK). This policy has also provoked the annoyance of the United States and most EU countries.

## **European Union**

In hopes of boosting the DS and other pro-European parties in the May 2008, elections, the European Union signed a Stabilization and Association Agreement (SAA) with Serbia on April 29, 2008. The agreement grants trade concessions to Serbia. It provides a framework for enhanced cooperation between the EU and Serbia in a variety of fields, including help in harmonizing local laws with EU standards, with the perspective of EU membership.

However, the Netherlands blocked implementation of provisions of the SAA until all EU countries agreed that Serbia is cooperating with the International Criminal Tribunal for the former Yugoslavia (ICTY). Serbia made substantial progress in this regard when it detained indicted war criminal Radovan Karadzic on July 21, 2008, and later transferred him to the ICTY. In an effort to show its strong support for EU integration, Serbia unilaterally began to implement trade provisions of the SAA in February 2009, lowering tariff barriers for EU goods to enter Serbia. After a largely favorable report on Serbia's cooperation with the ICTY from the Tribunal's chief prosecutor, the EU decided in December 2009 to unfreeze the key trade provisions of the SAA. In June 2010, after another favorable report on Serbia's ICTY cooperation, the Netherlands lifted its veto on submitting the SAA to ratification by EU member governments. When ratified by all EU member governments, all of the SAA's provisions will come into force.

Serbia submitted its application for EU membership in December 2009. However, it was not until November 2010 that the EU took the first step in the process, giving Serbia a detailed questionnaire on its qualifications as a membership candidate. Serbia submitted its answers in January 2011. The European Commission (the EU's main policy implementer) is now preparing an opinion for the European Council (the EU's chief decision-making body, composed of the leaders of EU member governments) on whether Serbia should be granted membership candidate status. If it is granted candidate status, years of negotiations will be required before Serbia can join the EU.

Serbia's EU membership prospects are clouded by several factors. One concern, Serbia's ICTY cooperation, appears to have been allayed by Mladic's transfer, although one Serbian indictee, Goran Hadzic, remains at large. Another problem is the difficulty of meeting the EU's stringent requirements and growing "enlargement fatigue" in many EU countries. Perhaps the most intractable problem is the issue of Kosovo. Twenty-two of the 27 EU countries have recognized Kosovo (including key countries such as Britain, France, Germany, and Italy). Five EU countries (Greece, Cyprus, Slovakia, Romania, and Spain) have declined to recognize Kosovo's

independence. These countries are either traditional allies of Serbia, or have minority populations for whom they fear Kosovo independence could set an unfortunate precedent, or both.

Serbian leaders have said that they will reject EU membership if it is conditioned on recognizing Kosovo's independence. Given the sensitivity of the issue for Serbian public opinion and the EU's own divisions, such an explicit condition is unlikely. Publicly, the EU has conditioned Serbia's EU candidacy only on ICTY cooperation and the standard qualifications for membership. However, since 2008 the EU has successfully pressed Serbia to cooperate with the EULEX law-and-order mission in Kosovo, to drop its efforts to have the U.N. General Assembly condemn Kosovo's independence as illegitimate, and to hold talks with the Kosovo government. Leaders of many EU member states are reluctant to "import" an unresolved territorial question such as Kosovo into the EU, as it did when it admitted Cyprus. Serbia may therefore gradually be pressed by the most influential EU states into de facto (if not de jure) recognition of Kosovo's independence or be forced to give up its membership hopes.

Since December 2009, the EU has permitted Serbian citizens to travel visa-free to the EU. Many Serbs may see the decision as the most tangible (and most prized) benefit they have received so far from the Serbian government's pro-EU policy. A surge of asylum-seekers from Serbia and elsewhere led the EU in May 2011 to adopt a policy allowing visa-free travel to be temporarily suspended if there is a surge in illegal immigration from a given country. This policy has not been applied to Serbia as yet, in part due to measures by Serbia to clamp down on illegal migrants. The government is reportedly focusing on areas of the country inhabited by ethnic Albanians and Roma, considered by Serbia to be major sources of such illegal migrants.

## **NATO**

In December 2006, Serbia joined NATO's Partnership for Peace (PFP) program. PFP is aimed at helping countries come closer to NATO standards and at promoting their cooperation with NATO. Serbia's government has pledged to enhance cooperation with NATO through the PFP program, including through joint exercises and training opportunities. Serbia has generally supported KFOR, the NATO-led peacekeeping force in neighboring Kosovo, while sometimes criticizing it for allegedly not doing enough to protect Serbs there and has criticized KFOR for drawing down its forces, despite what it views as continuing security concerns for Serbs in Kosovo. Serbia is also unhappy with NATO's role in overseeing the Kosovo Security Force (seen by both Serbia and ethnic Albanians in Kosovo as a de facto Kosovo army in the making).

Serbian leaders have expressed support for the NATO membership aspirations of all of the other countries in the region, but are not seeking NATO membership for Serbia. Due in part to memories of NATO's 1999 bombing of Serbia and anger at the U.S. role in Kosovo's independence, a public opinion poll in April-May 2011 showed that less than 16% of the Serbian public favors NATO membership. NATO has offered Serbia an Intensified Dialogue with the Alliance. If Serbia decides to seek such a status, it could eventually be followed by a Membership Action Plan, which would lay out in detail what steps Serbia would need to take to become a serious candidate for NATO membership. In a signal of closer ties, in June 2011 NATO's Transformation Command held its annual Strategic Military Partner Conference in Belgrade. The conference sparked small demonstrations by nationalist parties and groups.

## **U.S. Policy**

Serbia has played a key role in U.S. policy toward the Balkans since the collapse of the former Yugoslavia in 1991. U.S. officials came to see the Milosevic regime as a key factor behind the wars in the region in the 1990s, and pushed successfully for U.N. economic sanctions against Serbia. On the other hand, the United States drew Milosevic into the negotiations that ended the war in Bosnia in 1995. The United States bombed Serbia in 1999 to force Belgrade to relinquish control of Kosovo, where Serbian forces had committed atrocities while attempting to suppress a revolt by ethnic Albanian guerrillas. U.S. officials hailed the success of Serbian democrats in defeating the Milosevic regime in elections in 2000 and 2001. The United States has seen a democratic and prosperous Serbia, at peace with its neighbors and integrated into Euro-Atlantic institutions, as an important part of its key policy goal of a Europe “whole, free, and at peace.”

The United States provides significant aid to Serbia. According to the FY2011 Congressional Budget Justification for Foreign Operations, in FY2009 Serbia received \$49.187 million in U.S. aid. Of this total, \$46.5 million was aid for political and economic reforms from the AEECA account. Other aid included \$0.8 million in Foreign Military Financing (FMF), \$0.87 million in International Military Education and Training (IMET) assistance, and \$1 million in the Non-Proliferation, Antiterrorism, Demining, and Related (NADR) account. According to the FY2012 budget justification, Serbia received \$51.5 million in aid in FY2010. This includes \$49 million in aid for political and economic reforms, \$1 million in FMF, \$0.9 million in IMET, and \$0.65 million in NADR funding. Estimated funding levels for FY2011 are not yet available, but are expected to be similar to those for FY2010. The Administration requested \$39.05 million in aid for Serbia for FY2012, including \$33.5 million in aid for political and economic reform, \$2 million in FMF, \$0.9 million in IMET, and \$2.65 million in NADR funding.

The goal of U.S. aid for political reform is to strengthen democratic institutions, the rule of law, and civil society. It includes programs to strengthen the justice system, support local governments, help fight corruption, foster independent media, and increase citizen involvement in government. Aid is being used to help Serbia strengthen its free market economy by reforming the financial sector and promote a better investment climate. Other U.S. aid is targeted at strengthening Serbia’s export and border controls, including against the spread of weapons of mass destruction. U.S. military aid helps Serbia participate in NATO’s Partnership for Peace program and prepare for international peacekeeping missions.

The signing of a Status of Forces Agreement with Serbia in September 2006 has permitted greater bilateral military cooperation between the two countries, including increased U.S. security assistance for Serbia as well as joint military exercises and other military-to-military contacts. The Ohio National Guard participates in a partnership program with Serbia’s military. However, despite U.S. urging, Serbia has declined to contribute troops to the NATO-led ISAF peacekeeping force in Afghanistan. In 2005, the Administration granted duty-free treatment to some products from Serbia under the Generalized System of Preferences (GSP).

However, there remain difficult issues in U.S.-Serbian relations. One problem has been Serbia’s failure to fully cooperate with the ICTY. Since FY2001, Congress has conditioned part of U.S. aid to Serbia after a certain date of the year on a presidential certification that Serbia has met several conditions, the most important being that it is cooperating with the ICTY. The certification process typically affects only a modest portion of the amount allocated for any given year, due to the fact that the deadline for compliance is set for a date in the spring of the fiscal

year, and that humanitarian and democratization aid are exempted. U.S. officials hailed the arrest of indicted war criminal Radovan Karadzic on July 21, 2008. Administration officials also praised the capture of Ratko Mladic on May 26, 2011. Goran Hadzic, a Serb from Croatia, is the only remaining ICTY indictees at large. The United States expressed approval of a March 2010 Serbian parliament resolution condemning the crimes committed by Serbian forces in Srebrenica in 1995.

The most serious cloud over U.S.-Serbian relations is the problem of Kosovo. The United States recognized Kosovo's independence on February 18, 2008.<sup>4</sup> On the evening of February 21, 2008, Serbian rioters broke into the U.S. Embassy in Belgrade and set part of it on fire. The riot, in which other Western embassies were targeted and shops were looted, took place after a government-sponsored rally against Kosovo's independence. The embassy was empty at the time. Observers at the scene noted that Serbian police were nowhere to be found when the incident began, leading to speculation that they had been deliberately withdrawn by Serbian authorities. Police arrived later and dispersed the rioters at the cost of injuries on both sides. One suspected rioter was later found dead in the embassy. U.S. officials expressed outrage at the attack and warned Serbian leaders that the United States would hold them personally responsible for any further violence against U.S. facilities. President Tadic condemned the attack and vowed to investigate why the police had allowed the incident to occur.

After this nadir, Serbia has made some moves to improve ties with the United States. After having been withdrawn after the recognition of Kosovo, Serbia's ambassador to Washington returned to his post in October 2008. On May 20, 2009, Vice President Joseph Biden visited Serbia, in a trip to the region that also included Kosovo and Bosnia. Biden said the United States wants to improve ties with Serbia. He acknowledged that Serbia must play "the constructive and leading role" in the region for the region to be successful. He expressed the belief that the United States and Serbia could "agree to disagree" on Kosovo. Biden stressed that the United States did not expect Serbia to recognize Kosovo's independence, and would not condition U.S.-Serbian ties on the issue. However, he added that the United States expects Serbia to cooperate with the United States, the European Union and other key international actors "to look for pragmatic solutions that will improve the lives of all the people of Kosovo," including the Serbian minority.

Biden said the United States also looks to Serbia to help Bosnia and Herzegovina become a "a sovereign, democratic, multi-ethnic state with vibrant entities." U.S. officials have often asked Serbia to use its influence with Bosnian Serb leaders to persuade them to cooperate with international officials there. Finally, Biden called on Belgrade to cooperate fully with the International Criminal Tribunal for the Former Yugoslavia. Biden said that the United States "strongly supports Serbian membership in the European Union and expanding security cooperation between Serbia, the United States, and our allies." He called for strengthening bilateral ties, including military-to-military relations, economic ties (the United States is currently the largest foreign investor in Serbia) and educational and cultural exchanges.<sup>5</sup>

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<sup>4</sup> For a text of the U.S. announcement on recognition of Kosovo's independence, see the State Department website, <http://www.state.gov/secretary/rm/2008/02/100973.htm>. For more on Kosovo, see CRS Report RL31053, *Kosovo and U.S. Policy: Background to Independence*, by Julie Kim and Steven Woehrel, and CRS Report RS21721, *Kosovo: Current Issues and U.S. Policy*, by Steven Woehrel.

<sup>5</sup> Text of Vice President Joseph Biden's address to the press in Belgrade, May 20, 2009, from the White House website [http://www.whitehouse.gov/the\\_press\\_office/Remarks-By-The-Vice-President-At-The-Palace-Of-Serbia/](http://www.whitehouse.gov/the_press_office/Remarks-By-The-Vice-President-At-The-Palace-Of-Serbia/)

In what U.S. officials framed as a follow-up to Vice President Biden's visit the previous year, Deputy Secretary of State James Steinberg met with President Tadic and top Serbian officials in Belgrade on April 7-8, 2010. Steinberg reiterated U.S. support for Serbia's EU integration. In Belgrade and during a visit to Kosovo on the 8<sup>th</sup>, he called on Serbia and Kosovo to work together on issues such as security, customs, and organized crime and corruption. Tadic reiterated that Serbia would never recognize Kosovo and said that talks on Kosovo's status should be resumed. During talks with Interior Minister Ivica Dacic, Steinberg expressed satisfaction with U.S.-Serbian cooperation in fighting organized crime and terrorism. The two also discussed Serbia's cooperation with UNMIK in Kosovo. Steinberg praised the Srebrenica resolution passed by the Serbian parliament in March as a step toward better regional cooperation.

Secretary of State Clinton visited Serbia in October 2010. Secretary Clinton praised Serbia's progress toward greater partnership with the Euro-Atlantic community and closer relations with its neighbors. She stressed U.S. support for Serbia's EU membership aspirations. She thanked Serbia for its "strong cooperation" with the ICTY, including its "good-faith effort" to arrest the two remaining Serbian fugitives. Secretary Clinton said the United States strongly supported "a meaningful, forward-looking dialogue" between Serbia and Kosovo on "practical, day-to-day issues and the long-term relationship between you." She added such a dialogue would have a positive impact on Serbia's relations with its neighbors, Europe, and the United States.

Serbia may have missed an opportunity to improve relations with the United States on May 27-28, 2011, when President Obama met with leaders from Central and Eastern Europe in Warsaw, Poland. Despite the fact that the meeting could have presented President Tadic with an opportunity to personally accept the congratulations of President Obama and other leaders for recently capturing Mladic, Tadic refused to attend due to the presence of Kosovo's president at the meeting. The move echoed an earlier Serbian refusal to attend a U.S.-Balkans economic summit in March 2011 in Baltimore, due to the presence of Kosovar leaders there.

Assistant Secretary of State for Europe and Eurasian Affairs Philip Gordon visited Belgrade on June 15, as part of a visit to the region. In an interview with a local journalist, Gordon highlighted U.S.-Serbian cooperation in such areas as intelligence, anti-narcotics cooperation, and anti-terrorism. He noted continuing differences between Serbia and the United States on Kosovo. He said that the United States believes that Serbia needed to "come to terms with" Kosovo before it can join the EU, whether this took the form of formal diplomatic recognition or something else. In the short term, he said, Serbia needs to make progress on "practical issues" with Kosovo. He noted that NATO retains an "open-door" policy on membership, but that it was Serbia's own decision whether it would seek to join NATO.

## **Congressional Role**

The 110<sup>th</sup> and 111<sup>th</sup> Congresses adopted legislation on aid to Serbia. On January 17, 2007, the Senate passed S.Res. 31 by unanimous consent. It expressed support for democratic forces in Serbia and strong U.S.-Serbian relations. It called on the United States to assist Serbian efforts to join the EU and NATO. Division J of the Consolidated Appropriations Act of 2008 (P.L. 110-161) included FY2008 foreign aid appropriations. Section 699D permitted U.S. aid to Serbia after May 31, 2008, if Serbia meets certain conditions, most importantly, cooperation with the ICTY. The FY2008 Supplemental Appropriations Act (P.L. 110-252) withheld from obligation FY2008 aid to Serbia's central government equal to the damages caused to the U.S. Embassy by the February 21, 2008, riot in Belgrade, if the Secretary of State reports to the Appropriations Committees that

Serbia has not provided full compensation for the damages. According to Serbian and U.S. officials, Serbia has paid full compensation for the damages.

As in past years, the FY2009 Omnibus Appropriations Act (P.L. 111-8) conditioned part of U.S. aid to Serbia on an Administration certification of Serbia's cooperation with the ICTY by May 31, 2009. The FY2010 State Department-Foreign Operations appropriations language, Division F of P.L. 111-117, contains the same provision, with a certification deadline of May 31, 2010. The conference report for P.L. 111-117 recommended \$49 million in political and economic aid for Serbia. Congress did not approve a FY2011 foreign operations appropriation bill, but funded foreign aid programs through a series of continuing resolutions. Under such legislation, aid to Serbia for FY2011 may continue roughly at FY2010 levels.

Congress has passed resolutions expressing support for Serbia's cooperation with NATO and desire for EU membership. On May 18, 2008, the Senate passed S.Res. 570. The resolution hailed NATO's decision at the Bucharest summit to invite Albania and Croatia to join NATO, as well as NATO's offer to start talks on an Intensified Dialogue to Serbia, Montenegro, and Bosnia. On April 15, 2010, the Senate passed S.Res. 483. The resolution urged the European Council to take a clear position on Serbia's EU candidacy in a timely fashion. It welcomed Serbia's participation in NATO's Partnership for Peace program. It also recognized Serbia's cooperation with the United States on issues such as democratization, anti-drug trafficking, anti-terrorism, human rights, regional cooperation, and trade.

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